

# Tobacco ‘securitization’

What are others saying about the plan by the Democrats controlling the Legislature to sell off a portion of the state’s settlement with tobacco companies – money once earmarked to pay for health care services and anti-smoking efforts – for a one-time cash payment to fund state spending increases?

“too big a gamble for the state” – *News Tribune* editorial (3/6/02)

“not sustainable” – *Spokesman-Review* editorial (3/6/02)

“a disservice to our state’s taxpayers” – *Bremerton Sun* editorial (3/8/02)

“no real solution” – *Seattle Times* editorial (3/6/02)

“suspect budgeting” – *Yakima Herald-Republic* editorial (3/10/02)

“we’ll pay a high price for this gimmick” – *South County Journal* editorial (3/14/02)

“a bad deal for Washington taxpayers” – *Democrat Attorney General Christine Gregoire*

“terrible fiscal policy” – *Democrat State Treasurer Mike Murphy*



Rep. Jarrett sponsored Aaron Youmans, a freshman from Newport High School, in the House of Representatives Page Program.

## Rep. Fred Jarrett

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Dear Neighbors:

My first term as your state representative has been interesting and rewarding. Hearing from the many 41st District citizens who have contacted me has been extremely helpful. I value your opinion and continue to be astonished by the time you take to help me understand how state actions affect our neighborhoods. Your phone calls, e-mails, letters, and hotline messages have helped me to better represent you.

The challenges facing our state have certainly been immense - whether working to find solutions to our transportation problems, or dealing with a \$1.6 billion deficit, the Legislature had a lot on its plate. I firmly believe big challenges open the door to reform, and that has certainly been the case in our state.

To the surprise of many, we ended the session in sixty days. Unfortunately, we didn’t necessarily get the job done. Although we made positive strides in solving our state’s transportation crisis, we did little to solve the state’s budget deficit. This report highlights these and other important issues that dominated the 2002 legislative session.

Please don’t hesitate to contact me if you have any questions or comments.

Sincerely,

Fred Jarrett  
State Representative, 41st Legislative District

## 2002 Session Report

# Transportation

The 57th Legislature will be remembered as the “Transportation Legislature.” We passed landmark legislation with the potential to enhance the Northwest’s mobility and economy as well as our environment.

## Continued progress on transportation efficiencies...

We passed a package of transportation efficiency bills over the past two sessions, including legislation that will significantly shorten the permitting process for transportation projects of statewide significance while maintaining Washington’s high environmental standards. I worked very hard to see these measures adopted and am pleased to report that these bills exceed the recommendations of the Blue Ribbon Commission (its report is available at <http://lrc.leg.wa.gov/brct/>). The commission reported in 2000 on the dire conditions of the state transportation system and its lack of adequate financing to make necessary improvements. It also prioritized the need to reform the Department of Transportation management, making it central to their recommendations. Although it remains early, the department appears committed to that change. One example: the new secretary of transportation, Doug MacDonald, and the state Transportation Commission have begun publishing accessible and understandable performance measures.



In the last month of the 2002 session, the Legislature built on reforms adopted last session by passing bills on collective bargaining (strengthening “contracting-out” provisions) and the statewide funding package. The legislature also repealed the last vestiges of the Motor Vehicle Excise Tax, thought to be repealed by Initiative 695 and subsequent legislation last session. With the exception of voter-approved authority, license tabs will cost \$30.

## Transportation investment package will go to a vote of the people in November ...

The transportation financing package passed by the Legislature in the final seconds of the session will be on the Nov. 5 ballot. The package includes:

- A 9 cent gas tax (5 cent increase the first year and 4 cent increase the second)
- A 1 percent sales tax on new and used cars and increases in truck weight fees
- A 30 percent increase (15 percent per year over two years) on gross truck weight fees

This combination raises about \$4.4 billion in a decade, which when bonded can generate \$7.7 billion for projects.

The package also includes a project list dominated by Central Puget Sound. I-405, the Alaskan Way Viaduct and SR 509 in South King County together total over \$2.8 billion (37 percent) of the package. Projects in the three counties of King, Pierce and Snohomish together total \$4.3 billion (56 percent).

## Regional transportation financing package finally moves forward...

From day one my priority has been to find creative solutions to the traffic congestion that is strangling our state’s economic engine - the central Puget Sound region. I am pleased to report that after two years of negotiations and hard work we came to consensus on a plan to give our region the tools to fix our transportation crisis.

The regional financing package focuses solely on the Central Puget Sound region. Senate Bill 6140 provides the three county councils with the authority to work together to craft a regional ballot proposition for transportation investment. It authorizes nearly \$12 billion of existing and new

authority, and provides the counties flexibility to design a project list benefiting the region’s voters.

Creating a package integrated with the statewide project lists and balanced for the region’s special needs will undoubtedly be a challenge for councilmembers, but clearly, given the needs identified by the Blue Ribbon Commission, both the statewide and regional packages must succeed. The price of failing, for us and for our children, is just too high.

## Budget continues to spiral out of control...

The debate about how to respond to the \$1.6 billion budget shortfall was extremely disappointing. I believe that the budget deficit presented us with the opportunity to make progress in reforming how state government does business. Often, difficult times provide the motivation to make needed changes for the better - changes that tend to be too difficult to make during comfortable times. Unfortunately, the Legislature didn’t use this opportunity to make any real reform.

In the end, we sent an unbalanced supplemental budget to the Governor’s desk. It is irresponsible and is best described as credit-card spending at its worst. One of the most disturbing gimmicks used by budget writers was deciding to borrow against future payments by tobacco companies to close \$450 million of the budget gap. Over 20 percent of the tobacco settlement monies, which should be put toward health care programs, will be used to pay back those bonds.



Even with the tobacco “securitization” scheme, Governor Locke needed his line item veto to balance the budget.

## Education hit hard by budget...

Program cuts hit almost all state programs, including K-12 and higher education. Although reports stating Eastside school districts will experience cuts of 4 to 5 percent are a bit of an overstatement (the base for calculating the percentages included only the state programs being reduced, not the full state spending for education nor the total spending by the districts), the actual reductions in the neighborhood of 1 percent represent a significant step backwards. This takes us back to the systemic reductions in per pupil funding experienced over the last few decades.

Higher education didn’t fare any better than K-12. The supplemental budget continues to erode the state’s commitment to higher education, and our children as well. Tuition increases to offset some of the reductions in higher education will hit middle-income families hardest. Research universities were given the authority to increase tuition by nearly 20 percent, with lower increases for regional universities and community and technical colleges.

While we increased college and university staffing levels by roughly 12 percent over the last decade, it hasn’t kept pace with the increased number of students. (Students attending institutions of higher education increased 13 percent, and the number of high school graduates has increased by 26 percent.) The reality is a high school graduate’s chance of accessing public higher education has declined, while the cost has increased.

